

Message Text

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73

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-07 NSAE-00 FAA-00 L-03 SS-15 NSC-05 PA-02

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 079398

R 272104Z MAY 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6555

UNCLAS OTTAWA 1976

SENT INFO ALL CG'S IN CANADA

E.O. 11652: N/A

TAGS: EAIR, CA

SUBJECT: CIVAIR: DOMESTIC FARE INCREASE APPROVED

REF: OTTAWA 1785

1. CANADIAN TRANSPORT COMMISSION ANNOUNCED ORALLY LATE MAY 26 THAT DOMESTIC AIR FARES INCREASES WOULD COME INTO EFFECT MIDNIGHT THAT DATE. ORDER CONTAINING FORMAL JUSTIFICATION TO BE ISSUED LATER, PROBABLY BY END OF MAY. INCREASES AVERAGE TEN PERCENT ON ECONOMY CLASS AND FOURTEEN PERCENT ON FIRST CLASS FARES.THEY ARE SOMEWHAT HIGHER ON SHORT HAUL ROUTES.

2. COMMENT: THIS IS THE THIRD INCREASE IN FARES APPROVED IN PAST TWO YEARS. TWO INCREASES IN 1974 AVERAGED 20 PERCENT. SECOND 1974 INCREASE AS WELL AS THIS ONE WERE BITTERLY CONTESTED BY CONSUMER ASSOCIATION OF CANADA AND WERE SUBJECT TO PUBLIC HEARINGS. OPPOSITION TO THE INCREASE WAS ALSO DISPLAYED BY THE PROVINCIAL GOVERNMENTS OF MANITOBA, SASKATCHEWAN AND BRITISH COLUMBIA WHO AT ONE POINT REQUESTED A TWO WEEK DELAY IN THE HEARINGS (AND IN THE EFFECTIVE DATE OF THE FARE CHANGE) FOR FURTHER STUDY. WHEN THIS WAS UNCLASSIFIED

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DENIED THE BRITISH COLUMBIA REPRESENTATIVE ABRUPTLY

WITHDREW FROM THE HEARINGS. THIS PROVINCIAL POSITION
MAY RAISE THE ISSUE FROM THE REGULATORY TO THE POLITICAL
LEVEL, BUT WHETHER UNDER PRESENT LEGISLATION THE GOC
CAN MODIFY THE ACTION OF THE CTC (EVEN IF IT WISHED TO)
REMAINS TO BE SEEN. RECENT COURT CASES INVOLVING
RAILROAD RATES SUGGEST THE GOC CANNOT DO SO AND
INDEED ONE OF THE OBJECTIVES OF THE NEW NATIONAL
TRANSPORTATION POLICY UNDER DEVELOPMENT (SEE OUR A-211,
APRIL 10, 1975) IS TO MODIFY EXISTING LEGISLATION SO AS
TO ENABLE THE MINISTER TO GIVE GUIDANCE IN CERTAIN
CIRCUMSTANCES TO THE REGULATORY BODY.
PORTER

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Message Attributes

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